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C O N F I D E N T I A L SECTION 01 OF 03 DUSHANBE 001253

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E.O. 12958: DECL: 8/31/2017

TAGS: PREL ECON EAID ECIN ELTN TI AF

SUBJECT: BRIDGE OPENING SPURS DISCUSSION OF FURTHER COOPERATION

CLASSIFIED BY: Tracey Ann Jacobson, Ambassador, U.S. Embassy
Dushanbe, STATE.

REASON: 1.4 (b), (d)

¶1. (SBU) Summary: "This new bridge is as important for us as oxygen," Tajik President Emomali Rahmon told Commerce Secretary Carlos Gutierrez, who led the U.S. presidential delegation to the opening of the new U.S.-funded bridge linking Tajikistan and Afghanistan across the Pyanj River. Rahmon used the remainder of a ninety-minute U.S.-Tajik bilateral meeting to elicit U.S. assistance and investment for additional infrastructure projects, expound on Tajikistan's favorable foreign policy and business climate, and rant about Uzbekistan. A separate trilateral meeting with Afghan President Hamid Karzai was more scripted and concluded the business portion of the festive weekend (August 25-26). End summary.

¶2. (U) President Rahmon hosted an official bridge opening ceremony August 26 to inaugurate the newly constructed Tajik-Afghan bridge spanning the Pyanj River from Nizhniy Pyanj, Tajikistan to Sher Khan Bander, Afghanistan. Afghan President Karzai and U.S. Secretary of Commerce Gutierrez, as the head of a presidential delegation, attended the ceremony, arriving on August 25 for a round of bilateral and trilateral meetings. The U.S. delegation also included Assistant Secretary Richard Boucher, and U.S. Ambassadors Jacobson and Wood.

With Neighbors Like This...

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¶3. (SBU) In his bilateral meeting with Secretary Gutierrez, Assistant Secretary Boucher and Ambassador Jacobson, Rahmon commented on the importance of the bridge, saying, "Real sovereignty in Tajikistan requires real stabilization in Afghanistan." In order for Tajikistan to thrive, he explained, it needs export outlets for its goods, including hydroelectricity, and import routes for construction materials. Improved security conditions in Afghanistan, coupled with the new bridge, will allow Tajikistan access to the south, including to the Iranian port of Bander Abbas. "Some countries" he said are not interested in stability coming to Afghanistan. Among these, as Rahmon has told us before, is Uzbekistan. Citing an old Tajik proverb, Rahmon said, "You can choose your friends, but God chooses your neighbors."

¶4. (C) Rahmon boasted of having good relations with all countries in the world except Uzbekistan, and used a good part of the bilateral meeting to complain openly about the government in Tashkent. He said Uzbek president Karimov made his intentions clear at the recent Shanghai Cooperation Organization summit in Bishkek, and predicted Karimov would get much worse after his re-election. He recounted for Secretary Gutierrez how Uzbekistan blocked sales of Turkmen gas to Tajikistan last winter, leading to "five months without electricity," and prevents export of Tajik hydropower during the summer months when Tajikistan has a surplus. Rahmon said that Karimov blocks every attempt at regional integration and reported that in Bishkek Karimov proposed to close the former Soviet Central Asian borders with Afghanistan and, in Karzai's presence, ranted about Afghanistan being a land of extremists. Rahmon took credit for intervening to smooth things out between Karimov and Karzai. (Note: Tajik diplomats and security officials have expressed similarly negative views about Afghan extremism. End note.)

Rahmon's Wish List

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¶5. (SBU) In both the bilateral and the trilateral meeting, which included Karzai's team, as well as in his speech at the bridge opening itself, Rahmon recited a long wish list of projects where he hoped for U.S. assistance. He appreciated the "more than \$1 billion in U.S. assistance" since Tajikistan's independence, and considerably more aid to Afghanistan. ("This is not a criticism; maybe some poor countries need more than others."). Here's Rahmon's list, some of which seemed prepared in advance, and other items added ad hoc:

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-- Another Bridge: Rahmon asked for assistance to move the temporary construction bridge at Nizhniy Pyanj to a new location on the Afghan border at Kokul/Farkhor. Ambassador Jacobson noted that the temporary bridge materials were not of a sufficiently high quality to justify the cost of relocating the construction bridge to the new locale. Rahmon made sure Karzai raised this same request at the trilateral.

-- Free Economic Zone: In order to take full advantage of the new bridge at Nizhniy Pyanj, Rahmon envisions creating a Free Economic Zone and asked for U.S. expertise to make that happen.

-- Hydropower: Noting that Tajikistan uses only 5% of its water resources, Rahmon called for U.S. technology and investment in the hydropower sector. Specifically, Tajikistan wants the U.S. to build a major hydro-generating project on the Afghan border at Dastijhum. The dam would produce electricity for export to Afghanistan and South Asia and provide irrigation for Afghanistan's northern plains.

-- Railways: To break the Uzbek monopoly on Tajikistan's export trade, Rahmon proposed building a railroad to Afghanistan. His vision includes extending the line north and east to Osh, Kyrgyzstan and on to China, and south through Mazar-i Sharif and Herat to Mashhad and Bander Abbas in Iran. Assistant Secretary Boucher explained that the Afghan government has no plans for big railroad projects at this time.

-- World Trade Organization: Rahmon asked for U.S. assistance to join the organization.

-- Narcotics: Rahmon asked for construction of border infrastructure and technology to fight narcotics trafficking. (Note: already a major part of our assistance effort here. End note.)

-- Debt: Rahmon asked the United States to forgive the \$17 million official debt Tajikistan owes, dating to 1992-93 loans from the U.S. Commodity Credit Corporation. Tajikistan accepted

these loans in the "difficult first days" after independence and beginning of the civil war. Rahmon did not understand the principle of keeping this \$17 million debt on the books while the United States has since provided \$1 billion in other assistance. It's not the money, Rahmon opined, explaining that Tajikistan had already paid \$300 million of debt to Russia and will settle that account entirely next year. Gutierrez explained that the United States has no debt relief mechanism in place that would allow us to eliminate this \$17 million.

Investment Climate Before Investment

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¶16. (SBU) Secretary Gutierrez used the formal bilateral and trilateral meetings as well as remarks at the bridge opening to underscore the need for Tajiks and Afghans to work together to properly secure the border and operate the new bridge effectively. Gutierrez told Rahmon directly that if Tajikistan wants to attract more investment for major infrastructure projects, it must take the necessary steps to improve the business climate and improve investor confidence. "The U.S. Government doesn't do business, but we can help you create the proper climate," he explained. We could talk to potential investors in hydroelectric energy, but they will ask, "Will my investment be safe?" Investors need to know the rules of the game regarding taxes corruption. Assistant Secretary Boucher addressed Rahmon's specific request for the United States to invest in a hydroelectric generation project, encouraging the Tajik Government to finalize a viable Power Purchase Agreement with the Afghans.

¶17. (SBU) Responding to these points, Rahmon avoided getting into too much detail. On business climate: "Tajikistan upholds all international standards." On corruption: "I've already done reform," and have reduced the number of government agencies from 28 to 17. On Tajik banks: The financial sector now handles transfers of \$2 billion, up from \$9 million. On the Power Purchase Agreement: We just signed an agreement with Afghanistan. (Note: Rahmon was referring to the agreements signed with Afghan Energy Minister Ismail Khan during his recent

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trip. Rahmon seemed to be briefed that those general agreements were in fact sufficient to spur investment in Tajikistan's hydroelectric sector. End note.) Our messages were persistent enough, however, that after the bridge ceremony, Rahmon and Assistant Secretary Boucher agreed that Foreign Minister Zarifi would work with Ambassador Jacobson to "fix the investment climate."

¶18. (C) Comment: Rahmon portrayed the bridge opening as a historic event -- and his rhetoric matched that of the U.S. and Afghan delegations in exploiting the rich symbolism of the bridge. However, his conversations with us were more superficial, and nothing Rahmon told us broke new ground. We have heard these themes before: Uzbekistan/Karimov as the source of Tajikistan's woes; hydropower as Tajikistan's economic salvation. However, he offered no vision of a way forward for Tajikistan, except to ask the United States for more assistance -- to develop hydropower and other infrastructure in Tajikistan, and to rein in Karimov in Uzbekistan. He glossed over Secretary Gutierrez's suggestions that Tajikistan must first takes steps to improve its investment climate before the private sector will invest here. Rahmon would prefer to leave those details to his various ministers, but it's unclear those ministers have the capacity or the authority to take any real action. Rahmon genuinely understands that stability and recovery in Afghanistan are important to Tajikistan's own sovereignty; although he was rather dismissive about the trade route through Afghanistan to Pakistan and focused more on the route to Iran. End comment.

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